

Report to the Cabinet Member for Adult and Community Services
Report submitted by: Head of Service, Policy, Information and Commissioning
(Age Well)
Date: 11 February 2016

Part I

Electoral Divisions affected:
All

Fee Uplift – Home Care Framework

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Executive Summary

Providers appointed to the County Council's home care framework have not received a rate increase since April 2014, due to the intention to undertake a procurement exercise to establish a new framework with effect from 2016.

A review of budgetary constraints and market conditions indicates that rate increases should be applied in accordance with existing contract terms and conditions, taking into account the requirements of the Care Act 2014 and the statutory guidance issued thereunder.

It is therefore proposed that a rate increase should be implemented as set out in the report.

This is deemed to be a Key Decision and the provisions of Standing Order No. 25 have been complied with.

Recommendation

The Cabinet Member for Adult and Community Services is recommended to approve the rate increase as set out in the report with effect from 1st April 2016.

Background and Advice

Providers appointed to the County Council's home care framework have not received a rate increase since April 2014, pending the intention to undertake a procurement exercise to establish a new Framework.

As a result of feedback from providers of services in the home care market and representatives from forums and associated bodies relaying queries and concerns regarding the approach the County Council planned to take to contracting for home care services, the County Council decided to discontinue the procurement process in December 2015.

The County Council does not intend to terminate existing contracts prior to March 2017, following the conclusion of a revised procurement exercise, with April 2017 being the earliest time that any new contracting model will be implemented. Existing terms and conditions will therefore remain in place until that time.

Terms and conditions under the existing contracts do not guarantee a rate increase but state that the authority will undertake an annual review of single fee rate, taking into account budgetary constraints and the impact of changes in providers' costs.

A review of budgetary constraints and market conditions indicates the following rate increases should be applied in accordance with existing contract terms and conditions:

	Existing	Proposed	Increase	
Full Hour Rate	£12.17	£12.75	£0.58	4.7%
Half Hour Rate	£6.85	£6.85	£0	0%

This increase may help provide some stability into the current market place given its importance to vulnerable people. The County Council believes the proposed increase would allow providers to meet their obligations associated with forthcoming living wage increases.

Should the increase be approved, the rates would be effective from 1st April 2016.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

- Legal

The proposed rate incorporates known inflationary factors and applies them to the existing rate of £12.17 per hour. There remains a risk associated with the relevant provisions of the Care Act 2014, in that existing rates may not be considered by certain providers to be in line with the requirements of the statute. However, this is a risk facing all local authorities and is not specific to the County Council.

To mitigate the risks of potential challenge under the Care Act 2014, the County Council is in the process of reviewing all adult social care fees to ensure compliance with its statutory obligations. The outcome of this review may be to rebase some fees.

- Financial

During the period October 2014 to October 2015 the Consumer Price Index (CPI) 12 month change has not been higher than 1.3% and during the past nine months the 12 month CPI change has hovered between 0.1% and -0.1% increase. The 12 month Retail Price Index (RPI) change for the same period has reduced from 2.3% in October 2014 to 0.7% in October 2015. The hourly rate increase of 4.7% therefore represents a favourable increase when compared to both CPI and RPI.

Living wage for over 25's increases to £7.20 from April 2016. The full impact of this increase has been factored into the proposed rate increase.

The rationale for not increasing the half hour rate is that historically the amount paid for a half hour visit is higher than full hour rate*0.5 due to travel costs being the same regardless of visit duration. Providers may question the lack of an increase on half hourly rate, however, analysis of travel time and living wage increases indicate the existing half hour rate is sufficient to cover market inflation costs.

The perceived risk for not inflating existing rates, as noted earlier, is the living wage will increase to £7.20 in April 2016. Failure to increase our rate accordingly increases the likelihood of non-compliance with the Care Act; our fees could be deemed to be below the amount which is sustainable for providers in the long term.

All costs associated with the proposed rate increase (£2.1 million) have been factored into the County Council's Medium Term Financial Strategy.

List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		